

Message Text

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PAGE 01 OECD P 16573 01 OF 03 261232Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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UNCLAS SECTION 01 OF 03 OECD PARIS 16573

DEPT PASS SHERWIN, DEPT OF COMMERCE

E.O. 11652: N/A

TAGS: EIND, OECD

SUBJECT: 27TH SESSION OF INDUSTRY COMMITTEE, JUNE 18-20

1. SUMMARY. INDUSTRY COMMITTEE MET JUNE 18-20. FOUR-TEEN DELEGATES MET JUNE 17 TO DISCUSS SECRETARIAT OPTIONS PAPER DEALING WITH JAPANESE PROPOSAL ON FUTURE INDUSTRIAL STRUCTURES, FOR WHICH IC ESTABLISHED AN AD HOC WORKING PARTY. WP WILL CONSIDER, INTER ALIA, APPROPRIATE LEVELS OF SECTORAL DISAGGREGATION, DATA COMPARABILITY/AVAILABILITY, AND BASIC ASSUMPTIONS RE FORECASTS. WP WILL COORDINATE WITH WP2 OF ECONOMIC POLICY COMMITTEE AND OTHER OECD BODIES. US DEL VOICED GENERAL SUPPORT FOR AD HOC GROUP'S RECOMMENDATIONS, BUT EXPRESSED RESERVATIONS ABOUT METHODOLOGY AND VAGUENESS

OF PROPOSAL'S OBJECTIVES. MR. M. A. COESSENS (BELGIUM) WAS ELECTED IC CHAIRMAN; US, SPANISH, SWEDISH AND GERMAN DELS WERE ELECTED VICE-CHAIRMEN. ITALY RETAINED HONORARY VICE CHAIRMANSHIP. THE IC WILL MEET NOV. 19-21; THE

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PAGE 02 OECD P 16573 01 OF 03 261232Z

BUREAU WILL MEET OCT. 27-28. MR. SAM SHERWIN, DEPUTY

ASSISTANT SECRETARY, DOC, LED US DEL, ACCOMPANIED BY
MICHAEL DOYLE, DOC, AND MARTIN FORRESTER, USOECD.
END SUMMARY.

2. AGENDA ITEMS 1 AND 2: THE COMMITTEE REORDERED THE
AGENDA (AS OUTLINED IN THIS CABLE) AND APPROVED SUMMARY
RECORD OF 26TH SESSION.

3. ELECTION OF CHAIRMAN: M. A. COESSENS, THE BELGIAN
DIRECTOR GENERAL OF INDUSTRY, MINISTRY OF ECONOMIC
AFFAIRS, WAS ELECTED IC CHAIRMAN WITHOUT OPPOSITION. IN
HIS INITIAL REMARKS, COESSENS STRESSED THE FOLLOWING:
THE NEED TO ROTATE COMMITTEE OFFICERS; HIS TENURE WOULD
NOT EXCEED 18 MONTHS; THE BUREAU, COMPOSED OF TEN MEM-
BERS INCLUDING IC CHAIRMAN AND FOUR VICE-CHAIRMEN, SHOULD
BE MORE OF A PRACTICAL MANAGEMENT TOOL THAN IT HAD BEEN
IN THE PAST; THE BUREAU SHOULD MEET INDEPENDENTLY OF THE
IC AND SHOULD FORMULATE POSITIONS WHICH COULD SUBSE-
QUENTLY BE CONSIDERED BY THE IC; THE BUREAU SHOULD MEET
IN OCTOBER, THREE OR FOUR WEEKS PRIOR TO THE NOVEMBER IC
MEETING.

4. REVIEW OF THE CURRENT INDUSTRIAL SITUATION: AN
ECONOMIC POLICY COMMITTEE SECRETARIAT REP SUMMARIZED
CONCLUSIONS DRAWN BY THE EPC DURING ITS JUNE 17-18
DELIBERATIONS. HE NOTED THAT INFLATIONARY PRESSURES HAD
EASED, OUTPUT HAD GENERALLY DECLINED AND UNEMPLOYMENT
REMAINED HIGH. BIG THREE COUNTRIES STRESSED THAT IN
VIEW OF UNCERTAINTIES REGARDING INFLATION, THEY PREFERRED
CAUTIOUS APPROACH TO FURTHER STIMULATION OF ECONOMIES.
MOST OTHER COUNTRIES GENERALLY THOUGHT DOWNSIDE RISKS
WERE GREATER THAN THE DANGER OF OVER-STIMULATION.

COESSENS SUGGESTED THAT DELEGATIONS NOT MAKE VERBAL PRE-
SENTATIONS OF RECENT POLICY DEVELOPMENTS, BUT (1) SUBMIT

WRITTEN SUPPLEMENTARY STATEMENTS TO THE IC, OR (2) EX-
PAND THE REPLIES TO QUESTIONNAIRE TO BE SENT MEMBER COUNTRIES IN
PREPARATION OF THE ANNUAL PERSPECTIVE REVIEW DURING THE
IC'S AUTUMN SESSION. (THE US SUBMITTED A WRITTEN STATE-
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PAGE 03 OECD P 16573 01 OF 03 261232Z

MENT WHICH IT HAD INTENDED TO PRESENT ORALLY.)

5. INDUSTRIAL POLICY INSTRUMENTS: SECRETARIAT PAPER
DSTI/IND/EG/75.05 SUMMARIZED THE FINDINGS OF A GROUP OF
EXPERTS WHICH CONSIDERED A DRAFT REPORT ON SELECTED
POLICY INSTRUMENTS (DSTI/IND/EG/75.02). CONSIDERATION
OF FUTURE WORK IN THIS AREA WAS DEFERRED UNTIL THE IC'S
28TH SESSION WHEN A REVISED REPORT WILL BE SUBMITTED.

THE EXPERTS' NOTE INDICATED THAT INFORMATION GENERATED BY THE QUESTIONNAIRES ON INDUSTRIAL POLICY INSTRUMENTS HAD NOT BEEN SUFFICIENT TO ANSWER THE QUESTION OF HOW EFFECTIVE THESE INSTRUMENTS WERE IN REACHING THEIR OBJECTIVES.

6. JAPANESE PROPOSAL ON FUTURE INDUSTRIAL STRUCTURES:
IC CONSIDERED A PROPOSAL BY THE JAPANESE DELEGATION (DSTI/IND/75.05) FOR WORK REGARDING FUTURE INDUSTRIAL

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PAGE 01 OECD P 16573 02 OF 03 261243Z

43

ACTION EUR-12

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UNCLAS SECTION 02 OF 03 OECD PARIS 16573

STRUCTURES. AN AD HOC GROUP REPRESENTING 14 COUNTRIES (US INCLUDED) MET ON JUNE 17, IDENTIFIED PERTINENT ISSUES AND PROCEDURAL QUESTIONS, AND AGREED IN PRINCIPLE THAT AN AD HOC WORKING PARTY, ASSISTED BY SECRETARIAT, SHOULD STUDY PROPOSAL IN DEPTH.

ISSUES IDENTIFIED AT THE JUNE 17 MEETING INCLUDED: FORECAST TIME-FRAMES (1975-78, 1975-85); AVAILABILITY OF DATA; APPROPRIATE METHODOLOGY; LEVELS OF SECTORAL DISAGGREGATION; QUALITATIVE INFORMATION; APPROPRIATE LIAISON AND COORDINATION WITH RELATED OECD EFFORTS. THE AD HOC GROUP

MEETING WAS CHAIRED BY M. NANCY OF FRANCE.

THE JAPANESE DELEGATION SUBMITTED DETAILED QUESTIONNAIRES AND INSTRUCTIONS FOR DELINEATING SECTORAL LEVEL FORECASTS FOR 1975-78, 1975-80, AND 1975-85.

THE IC CONSIDERED THE AD HOC GROUP'S REPORT AND, AFTER CONSIDERABLE DISCUSSION, AGREED THAT (1) AN AD HOC WORKING PARTY BE SET UP WITH ITS TERMS OF REFERENCE, LIFE AND LEVEL OF RESOURCES TO BE DETERMINED AT THE IC'S NOVEMBER MEETING; (2) THE WORKING PARTY (WITH M. NANCY AS CHAIR-UNCLASSIFIED

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PAGE 02 OECD P 16573 02 OF 03 261243Z

MAN) MEET IN EARLY SEPTEMBER TO CONSIDER UNRESOLVED QUESTIONS INCLUDING APPROPRIATE LEVELS OF SECTORAL DISAGGREGATION, COMPARABILITY AND AVAILABILITY OF DATA IN MEMBER COUNTRIES, AND QUANTITATIVE VS. QUALITATIVE ASSUMPTIONS. WP WILL ALSO DETERMINE EXTENT TO WHICH MACRO-ECONOMIC FORECASTING THROUGH 1980 BY WP2 OF THE ECONOMIC POLICY COMMITTEE (SCHEDULED TO BE AVAILABLE IN MARCH, 1976) WILL BE RELIED UPON FOR SECTORAL LEVEL FORECASTING, AND APPROPRIATE TIME-FRAMES. (MOST DELEGATIONS FAVORED PERIOD 1975-80.) THE COMMITTEE DIRECTED THE WORKING PARTY TO CLOSELY COORDINATE ITS ACTIVITIES WITH RELATED EFFORTS OF OTHER OECD GROUPS, ESPECIALLY WP2 OF THE EPC, THE AD HOC GROUP. CONSIDERING THE JAPANESE PROPOSAL ON THE FUTURE DEVELOPMENT OF ADVANCED INDUSTRIAL SOCIETIES IN HARMONY WITH THAT OF DEVELOPING COUNTRIES ENERGY POLICY COMMITTEE, AND WP9 OF THE IC. THE COMMITTEE DIRECTED THE SECRETARIAT TO SEND MODIFIED VERSIONS OF THE JAPANESE QUESTIONNAIRES TO MEMBER COUNTRIES FOR COMMENT ON THE METHODOLOGY AND AVAILABILITY OF DATA. THESE COMMENTS WILL BE CONSIDERED AT THE WORKING PARTY'S SEPTEMBER MEETING.

THE US SUPPORTED THE AD HOC GROUP'S REPORT, BUT NOTED THAT US PARTICIPATION BEYOND PROVIDING DATA FOR 1975-78, AND BASE DATA FOR 1970-74 WOULD REQUIRE FURTHER CONSULTATION TO CONSIDER THE VALUE OF SUCH INFORMATION. USDEL ALSO EXPRESSED RESERVATIONS ABOUT METHODOLOGY AND VAGUENESS OF PROPOSAL'S OBJECTIVES.

7. FOOTWEAR REPORT: IC AGREED TO RECOMMEND DERESTRICTION AND PUBLICATION OF REPORT DSTI/IND/FL/75.1 AS AMENDED. RESPONDING TO SWISS OBJECTIONS, COMMITTEE DELETED PART OF PARAGRAPH 233 OF REPORT WHICH, IN SWISS VIEW, IMPLIED AN OECD RECOMMENDATION THAT SPECIAL POLICIES BE ADOPTED FOR THE FOOTWEAR INDUSTRY. USDEL SUPPORTED DERESTRICTION AND PUBLICATION.

8. DEVELOPMENT COOPERATION; SWEDISH CASE STUDY: FOLLOW-
ING SWEDISH PRESENTATION OF CASE STUDY ON ADJUSTMENT
ASSISTANCE TO TEXTILE INDUSTRY (DSTI/IND/75.14), AND
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PAGE 03 OECD P 16573 02 OF 03 261243Z

DISCUSSION OF SECRETARIAT NOTE DSTI/IND/75.15, IC AGREED
TO FOLLOWING: (A) THE SECRETARIAT WOULD SEND A NOTE
SUMMARIZING RECENT OECD REPORTS CONCERNING RELATIONS
WITH LDC'S; (B) CASE STUDY WOULD BE SENT FOR COMMENT TO
THE WORKING PARTY ON TEXTILES AND CLOTHING; (C) AD HOC
WORKING PARTY ON FUTURE INDUSTRIAL STRUCTURES BE INFORMED
OF IC DISCUSSION; AND (D) M. NANCY WOULD CONTINUE AS IC
LIAISON WITH DEVELOPMENT CENTER.

9. ENERGY AND RAW MATERIALS; IMPLICATIONS FOR INDUSTRY:
THE COMMITTEE WAS BRIEFED ON RELEVANT WORK ELSEWHERE IN
THE OECD, AND DECIDED TO COMPLETE ITS WORK IN IRON AND
STEEL, ALUMINUM, PULP AND PAPER, TEXTILES AND CLOTHING.
FUTURE WORK IN THIS AREA WOULD AWAIT CLARIFICATION OF
ISSUES AND GUIDANCE FROM OTHER OECD BODIES. THE COMMIT-
TEE DIRECTED SECRETARIAT TO PREPARE A REPORT OUTLINING
IC WORK IN THIS AREA, AND DECIDED TO MAINTAIN AN AD HOC
GROUP TO MONITOR THE ENERGY AND RAW MATERIALS SITUATIONS.

10. ELECTION OF BUREAU: THE US, GERMANY, SWEDEN, AND
SPAIN WERE ELECTED VICE-CHAIRMEN. THE ITALIAN DELEGATE
WAS ELECTED HONORARY VICE-CHAIRMAN. JAPAN, FRANCE, THE

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PAGE 01 OECD P 16573 03 OF 03 261229Z

43

ACTION EUR-12

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UNCLAS SECTION 03 OF 03 OECD PARIS 16573

UK, AUSTRIA AND AUSTRALIA WERE ADDED TO THE BUREAU. THE FIRST BUREAU MEETING WAS SCHEDULED FOR OCT. 27-28; THE IC WILL MEET NOV. 19-21. (IN THE PAST, THE BUREAU MET IMMEDIATELY BEFORE THE FULL COMMITTEE.)

11. AUSTRALIA'S INDUSTRY POLICY: THE IC AGREED TO PUBLICATION OF REPORT DSTI/IND/75.13 AFTER DELETING THE LAST TWO SENTENCES OF PARAGRAPH 22 OF THE CONCLUSIONS. THE BELGIAN DEL SAID THE ORIGINAL LANGUAGE INDICATED AN OECD RECOMMENDATION THAT INDUSTRIALIZED COUNTRIES SHOULD ADOPT TARIFF STRUCTURES TO ENCOURAGE IMPORTS OF PROCESSED MATERIALS FROM COUNTRIES WHICH ARE ESSENTIALLY EXPORTERS OF RAW MATERIALS.

12. OTHER BUSINESS: THE IC AGREED THAT: (A) THE AD HOC WORKING PARTY ON FUTURE INDUSTRIAL STRUCTURES WILL ADVISE THE SECRETARIAT ON THE PREPARATION OF ITS REPORT; (B) WP6 PAPERS ON INTERNATIONAL ASPECTS OF REGIONAL POLICY (IND/WPG(75)3) BE DERESTRICTED; (C) IC GIVE WRITTEN APPROVAL OF FORTHCOMING REPORT BY WP1 ON INFORMATION CONCERNING MNC'S; (D) IRON, STEEL AND ALUMINUM WORKING PARTIES PROVIDE BACKGROUND DATA TO COUNCIL'S WP6 ON UNCLASSIFIED

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PAGE 02 OECD P 16573 03 OF 03 261229Z

SHIPBUILDING.

13. 1976 DRAFT PROGRAM: AFTER CONSIDERABLE DISCUSSION, THE IC AGREED TO THE FOLLOWING PROCEDURE FOR DEVELOPING 1976 PROGRAM OF WORK: (A) THE SECRETARIAT WILL NOTE COMMENTS MADE DURING 27TH SESSION CONCERNING ONGOING WORK AND NEW PROJECTS, AS WELL AS ADDITIONAL INFORMATION ON RELATIVE PRIORITIES TO BE SUBMITTED BY DELEGATIONS BEFORE SEPTEMBER 1; (B) THE BUREAU WILL CONSIDER THESE SUBMISSIONS IN OCTOBER AND, IN CONSULTATION WITH THE SECRETARIAT. DEVELOP A 1976 PROGRAM PROPOSAL; AND (C) THE IC WILL MAKE FINAL DECISIONS AT ITS 28TH SESSION. TURNER

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